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Coldsprings-Excelsior Volunteer Fire and Rescue Department

Kalkaska County, Michigan

Audit Report

For the Year Ended March 31, 2008

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Coldsprings-Excelsior Volunteer Fire & Rescue Dept.	County Kalkaska
Fiscal Year End 3/31/08	Opinion Date 6/9/08	Date Audit Report Submitted to State 6/26/08	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES

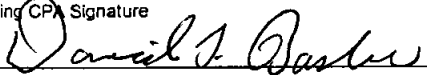
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Tobin & Co., P.C.		Telephone Number 231-947-0151	
Street Address 400 E. Eighth St.		City Traverse City	State MI
		Zip 49686	
Authorizing CPA Signature 	Printed Name DAVID L. BASLER		License Number 1101013418

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INTRODUCTORY SECTION

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## Comments and Recommendations

We have audited the basic financial statements of the Coldsprings-Excelsior Volunteer Fire and Rescue Department, Kalkaska County, for the year ended March 31, 2008, and have issued our report thereon. As part of our examination, we made a study and evaluation of the joint Department's system of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the joint Department's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

Our study and evaluation, made for the limited purposes described above would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of the joint Department taken as a whole. As a result of our examination, however, we deem it necessary to make the following comments and recommendations.

### General

The Coldsprings-Excelsior Volunteer Fire and Rescue Department was organized by the two Township Boards to provide fire protection, ambulance and emergency rescue service to their respective residents. The Department is financed by a special voted tax, levied by each of the two townships. The Coldsprings Township Treasurer is the treasurer of the Department, receives and deposits all funds of the Department, and disburses funds on order of the joint Fire and Rescue Board.

### Accounting Records

The accounting records were maintained in very good condition by the Clerk and Treasurer of the joint Department. The Uniform Chart of Accounts, developed by the State of Michigan, is being utilized. The Clerk maintains cash receipts and disbursements journals and a spreadsheet general ledger. Supporting documents and follow up procedures appeared adequate. Board minutes were maintained in good order.

### Budgets and Procedures

A budget was adopted for the General Operating Special Revenue Fund of the Department, and we were pleased to note that no line item exceeded its original budget without amendment. The Department appears to be in compliance with the provisions of Act 621 of 1978 (Uniform Budgeting Act).

### General Operating Special Revenue Fund

This Fund, presented on Schedule 1, is utilized to account for appropriations of the participating townships, charges for services, and contractual payments from other neighboring units. It reflects the general administrative expenses of the joint Department. Based on the Uniform Chart of Accounts, the fund belongs in the Special Revenue Funds category and is treated as such in this report.

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## Comments and Recommendations

Revenues for the audit year totaled \$217,123, while expenditures totaled \$264,784. The fund balance at March 31, 2008 was \$337,876.

### Payroll Records

Records reflect that federal and State income taxes and Social Security tax are withheld where required and paid out to the proper agencies. Forms, records and reports appeared in good order.

### Insurance and Surety Bond Coverage

Records indicate that the Department has such insurance coverage as equipment, workmen's compensation, liability, and crime. The Department Board President and Treasurer are covered by security bonds.

### Other Data

After the completion of our audit, we will submit the necessary copies of the audit report to the State Department of Treasury.

We appreciate the courtesy extended our field auditor during the conduct of the audit. Your confidence is respected. Please contact us if questions or problems arise.

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FINANCIAL SECTION

# Tobin & Co.

## REPORT OF INDEPENDENT AUDITOR

Board of Directors  
Coldsprings-Excelsior Volunteer Fire and Rescue Department  
Kalkaska County  
Kalkaska, Michigan 49646


We have audited the accompanying basic financial statements of Coldsprings-Excelsior Volunteer Fire and Rescue Department, Kalkaska County, as of and for the year ended March 31, 2008, as listed in the Table of Contents. These financial statements are the responsibility of the Department's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Coldsprings-Excelsior Volunteer Fire and Rescue Department, Kalkaska County, Michigan at March 31, 2008, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The budgetary comparison schedule, as identified in the table of contents, is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. The supplemental information has been subjected to the auditing procedures applied to the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Tobin & Co., P.C.  
June 9, 2008



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## **COLDSPRINGS-EXCELSIOR VOLUNTEER FIRE AND RESCUE DEPARTMENT MANAGEMENT'S DISCUSSION AND ANALYSIS**

As the Board of the Coldsprings-Excelsior Volunteer Fire and Rescue Department, Kalkaska County, we offer readers of the Department's financial statements this narrative overview and analysis of the financial activities of Coldsprings-Excelsior Volunteer Fire and Rescue Department for the fiscal year ended March 31, 2008.

### **Financial Highlights**

The assets of Coldsprings-Excelsior Volunteer Fire and Rescue Department exceeded its liabilities at the close of the most recent fiscal year by \$697,816. Of this amount, \$337,876 may be used to meet the Department's ongoing obligations to citizens and creditors.

At the close of the current fiscal year, the Department's governmental fund reported an ending fund balance of \$337,876, a decrease of \$47,661 in comparison with the prior year. \$257,230 is available for spending at the Department's discretion, while \$80,646 is restricted for fire vehicles.

At the end of the current fiscal year, unreserved fund balance for the general fund was \$257,230, or 97% of total general fund expenditures.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to Coldsprings-Excelsior Volunteer Fire and Rescue Department's basic financial statements. The Department's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

#### **1. Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Department's finances, in a manner similar to a private-sector business.

The **statement of net assets** presents information on all of the Department's assets and liabilities, with the difference between the two reported as **net assets**. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Department's financial position is improving or deteriorating.

The **statement of activities** presents information showing how the Department's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, earned but unused credits, and used but not paid expenses).

Both of the government-wide financial statements distinguish functions of the Department that are principally supported by intergovernmental revenues (**governmental activities**) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (**business-type activities**). The governmental activities of the Department include only

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Public Safety. Coldsprings-Excelsior Volunteer Fire and Rescue Department does not have any business-type activities.

## **2. Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Coldsprings-Excelsior Volunteer Fire and Rescue Department, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Coldsprings-Excelsior Volunteer Fire and Rescue Department are categorized as governmental funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Coldsprings-Excelsior Volunteer Fire and Rescue Department maintains only one governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund. All Department government activities are included in this fund.

The Department adopts an annual appropriated budget for its governmental fund. Budgetary comparison statements have been provided for this fund to demonstrate compliance with this budget.

## **3. Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## **General Fund Analysis and Highlights**

The general fund is the chief operating fund of the Department. At the end of the current fiscal year, unreserved fund balance of the general fund and the total fund balance was \$257,230. Unreserved fund balance represents 97% of total general fund expenditures.

The fund balance of the Department's general fund decreased by \$47,661 during the current fiscal year.

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There was one major difference between the original budget and the final amended budget: an increase in budgeted capital outlay by \$65,810. The total dollars spent in general fund activities was \$47,310 less than appropriated.

### **Capital Asset and Debt Administration**

#### **Capital Assets**

The Department's investment in capital assets for its governmental activities as of March 31, 2008 amounts to \$359,940 (net of depreciation). This investment in capital assets includes: land and building improvements, furnishings, and vehicles and equipment. Our government fund reports capital outlays as expenditures. However, the cost of the assets is allocated over their useful lives. This fiscal year the amount by which capital outlays exceeded depreciation and amortization was \$110,530.

#### **Cash Assets**

At the end of the current fiscal year, the Department had \$338,166 in cash and other spendable assets. This was held primarily in interest bearing savings accounts and certificates of deposit. The Department is limited by State law in how it can invest these funds and we have made no changes in our investment strategy in several years.

#### **Long-term Debt**

At the end of the current fiscal year, the Department had no bonded or installment debt outstanding.

#### **Requests for Information**

This financial report is designed to provide a general overview of Coldsprings-Excelsior Volunteer Fire and Rescue Department's finances for all those with an interest in the Department's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Bethel Larabee, Department Clerk, 1418 Darke Rd., N.E., Kalkaska, MI 49646, phone (231) 258-2061.

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## Coldsprings-Excelsior Volunteer Fire and Rescue Department

### Statement of Net Assets and Governmental Fund Balance Sheet

March 31, 2008

<u>Assets</u>	<u>General Fund</u>	<u>Adjustments (Note 3)</u>	<u>Statement of Net Assets</u>
Cash	\$ 257,520	\$ -	\$ 257,520
Restricted Cash	80,646	-	80,646
Receivables	3,647	-	3,647
Capital Assets			
Other Capital Assets, Net of Depreciation	-	359,940	359,940
Total Assets	<u>\$ 341,813</u>	<u>\$ 359,940</u>	<u>701,753</u>
<u>Liabilities</u>			
Accounts Payable	<u>\$ 3,937</u>	<u>\$ -</u>	<u>\$ 3,937</u>
Total Liabilities	<u>3,937</u>	<u>-</u>	<u>3,937</u>
<u>Fund Balances/Net Assets</u>			
Fund Balance			
Restricted	80,646	(80,646)	-
Unrestricted	<u>257,230</u>	<u>(257,230)</u>	<u>-</u>
Total Fund Balances	<u>337,876</u>		
Total Liabilities and Fund Balances	<u>\$ 341,813</u>		
<u>Net Assets</u>			
Invested in Capital Assets		359,940	359,940
Restricted		80,646	80,646
Unrestricted		<u>257,230</u>	<u>257,230</u>
		<u>\$ 359,940</u>	<u>\$ 697,816</u>

The notes to the financial statements are an integral part of this statement.

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## Coldsprings-Excelsior Volunteer Fire and Rescue Department

### Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance

For the Year Ended March 31, 2008

<u>Expenditures/expenses:</u>	<u>General Fund</u>	<u>Adjustments (Note 4)</u>	<u>Statement of Activities</u>
Public Safety	\$ 264,784	\$ (110,530)	\$ 154,254
Total Expenditures/expenses	<u>264,784</u>	<u>(110,530)</u>	<u>154,254</u>
<u>Program Revenues:</u>			
Charges for Services	22,366	-	22,366
Operating Grants and Contributions	185,492	-	185,492
Miscellaneous	<u>1,340</u>	<u>-</u>	<u>1,340</u>
Total Program Revenues	<u>209,198</u>	<u>-</u>	<u>209,198</u>
Net Program Revenues (Expenses)	(55,586)	110,530	54,944
<u>General Revenues:</u>			
Interest	<u>7,925</u>	<u>-</u>	<u>7,925</u>
Excess Revenues (Expenditures)	(47,661)	-	-
Change in Net Assets	-	-	62,869
<u>Fund Balance/Net Assets:</u>			
Beginning of the Year	<u>385,537</u>	<u>249,410</u>	<u>634,947</u>
End of the Year	<u>\$ 337,876</u>	<u>\$ 359,940</u>	<u>\$ 697,816</u>

The notes to the financial statements are an integral part of this statement.

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## Coldsprings-Excelsior Volunteer Fire and Rescue Department

### Notes to Financial Statements

March 31, 2008

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. Reporting Entity

The Townships of Coldsprings and Excelsior, Kalkaska County, Michigan, organized a joint Fire and Rescue Department to service the two Townships and appointed a joint Board to oversee the operation. The Department is financed through a special voted tax levied by each Township.

The Department's basic financial statements include the accounts of all Department operations. The criteria for including organizations within the Department's reporting entity, as set forth in GASB No. 14, "*The Financial Reporting Entity*", includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if data were not included.

Based on the above criteria, there are no other organizations included in these financial statements.

##### B. Basis of Presentation

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the activities of the Department. The effect of interfund activity, within the governmental activities column, has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

##### Fund Financial Statements:

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Department has presented the following governmental funds:

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## Coldsprings-Excelsior Volunteer Fire and Rescue Department

### Notes to Financial Statements

March 31, 2008

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### B. Basis of Presentation (Continued)

General Fund – This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the Department. Revenues are derived primarily from local distributions or grants.

##### C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for recognition of all governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenue susceptible to accrual are charges for service, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received.

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## Coldsprings-Excelsior Volunteer Fire and Rescue Department

### Notes to Financial Statements

March 31, 2008

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### E. Budgets

The General Fund is under formal budgetary control. Budgets shown in the financial statements for this fund was prepared on a basis not significantly different from the modified accrual basis used to reflect actual results and consist only of those amounts contained in the formal budgets approved and amended by the Board.

In the body of the financial statements, the actual and budgeted expenditures for the budgetary fund has been shown on a function basis. The approved budget for this fund was adopted on a function basis.

For budgetary purposes appropriations lapse at fiscal year end.

##### E. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest is capitalized during the construction period on property, plant and equipment.

Assets capitalized have an original cost of \$5,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Land Improvements	15 years
Vehicles	5 0 10 years
Equipment	4 to 15 years

##### F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### G. Investments

Records reflect no investments for the audit year.



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## Coldsprings-Excelsior Volunteer Fire and Rescue Department

### Notes to Financial Statements

March 31, 2008

#### **NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

- A. We noted no violations of legal provisions and/or contractual provision of various agreements related to financial matters.
- B. All funds had positive fund balances at March 31, 2008.
- C. Public Act 621 of 1978, Section 18, provides that a local unit shall not incur expenditures in excess of the amount appropriated. During the year ended March 31, 2008, no function exceeded its budget by without formal amendment by the Board.

#### **NOTE 3 - EXPLANATION OF CERTAIN ADJUSTMENTS BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET ASSETS**

Net capital assets of \$359,940 used in governmental activities are not current financial resources and therefore are not reported in the fund.

#### **NOTE 4 - EXPLANATION OF CERTAIN ADJUSTMENTS BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE STATEMENT OF ACTIVITIES**

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. Capital outlay exceeded depreciation for Department assets by \$110,530 for the year.

#### **NOTE 5 - DEPOSITS WITH FINANCIAL INSTITUTIONS**

##### **A. Legal Provisions for Deposits and Investments**

Act 20, Public Acts of 1943, as amended by Act 217, Public Acts of 1982, and Act 196, Public Acts of 1998, states that the Board, by resolution, may authorize the Treasurer to invest surplus funds as follows:

1. In bonds, securities, and other direct obligations of the United States or an agency or instrumentality of the United States.
2. In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution complies with subsection (2).
3. In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after date of purchase.

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## Coldsprings-Excelsior Volunteer Fire and Rescue Department

### Notes to Financial Statements

March 31, 2008

#### NOTE 5 - DEPOSITS WITH FINANCIAL INSTITUTIONS (Continued)

##### A. Legal Provisions for Deposits and Investments (Continued)

4. In repurchase agreements consisting of instruments defined in (1) above.
5. In bankers' acceptances of United States Banks.
6. In obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
7. In mutual funds registered under the investment company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by local units of government in Michigan.

##### B. Types of Deposits and Investments

The Department had \$402,893 deposited with local banks at March 31, 2008 with a carrying value of \$338,166. Interpreting the FDIC insurance coverage of \$100,000 per demand deposit account and \$100,000 per time deposit account in each depository, the Department had \$234,035 of uninsured deposits at March 31, 2008.

#### NOTE 6 - CAPITAL ASSETS

	<u>3/31/07</u>	<u>Additions</u>	<u>Deletions</u>	<u>3/31/08</u>
Governmental Activities:				
Land Improvements	\$ 15,000	\$ -	\$ -	\$ 15,000
Building Improvements	5,325	32,499	-	37,824
Vehicles	573,941	78,657	-	652,598
Equipment	84,844	65,810	-	150,654
	679,110	176,966	-	856,076
Less Accumulated Depreciation	(429,700)	(66,436)	-	(496,136)
Governmental Activities Capital Assets, Net	<u>\$ 249,410</u>	<u>\$ 110,530</u>	<u>\$ -</u>	<u>\$ 359,940</u>

# **Tobin & Co.**

## Coldsprings-Excelsior Volunteer Fire and Rescue Department

### Notes to Financial Statements

March 31, 2008

#### NOTE 7 - INVENTORIES

The Department does not maintain a substantial inventory of supplies or materials. Purchases are normally made as needed, and the items are recorded as expenses at time of purchase.

#### NOTE 8 - PENSION PLAN

The Department does not sponsor a pension plan for its employees. All employees are covered by Social Security.

#### NOTE 9 - RISK MANAGEMENT

The Department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the audit year the Department addressed these risks through the purchase of commercial insurance through Municipal Underwriters of Michigan. There was no significant reduction of insurance coverage from prior years nor have the amounts of any settlements exceeded insurance coverage in any of the past three fiscal years.

#### NOTE 10 - COMPENSATED ABSENCES

The Department does not provide for payment to employees for unused sick leave, accumulated leave, etc.

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SUPPLEMENTAL DATA SECTION

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## Coldsprings-Excelsior Volunteer Fire and Rescue Department

Schedule 1  
Page 1

### Statement of Revenues, Expenditures and Changes in Fund Balance

#### General Operating Fund

For the Year Ended March 31, 2008

	<u>Budgetary Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
<u>Revenues</u>				
Contributions from Local Units:				
Coldsprings Township	\$ 121,120	\$ 121,120	\$ 119,159	\$ (1,961)
Excelsior Township	67,809	67,809	66,333	(1,476)
Charges for Services:				
Ordinance Fees	14,000	14,000	10,496	(3,504)
Contractual	12,000	12,000	11,870	(130)
Interest and Rent:				
Interest	4,500	4,500	7,925	3,425
Other:				
Miscellaneous and Donations	200	200	1,340	1,140
Total Revenues	<u>219,629</u>	<u>219,629</u>	<u>217,123</u>	<u>(2,506)</u>
<u>Expenditures</u>				
Salaries and Wages	50,000	50,000	43,445	6,555
Office Supplies	2,500	2,500	2,150	350
Legal/Audit	500	500	-	500
Operating Supplies	3,500	3,500	2,003	1,497
Gas and Oil	3,500	3,500	1,887	1,613
Professional and Training	9,000	9,000	6,686	2,314
Insurance	25,000	25,000	23,904	1,096
Utilities, Telephone and				
Snow Removal	12,500	12,500	8,909	3,591
Repairs and Maintenance	12,000	12,000	11,601	399
Other	250	250	-	250
Payroll Taxes	4,000	4,000	3,408	592
Capital Outlay	120,534	186,344	160,009	26,335
Accummed Fees & ALS Charges	<u>3,000</u>	<u>3,000</u>	<u>782</u>	<u>2,218</u>
Total Expenditures	<u>246,284</u>	<u>312,094</u>	<u>264,784</u>	<u>47,310</u>
Excess Revenues (Expenditures) (1)	\$ <u>(26,655)</u>	\$ <u>(92,465)</u>	(47,661)	\$ <u>44,804</u>
Fund Balance – Beginning of Year			<u>385,537</u>	
Fund Balance – End of Year			<u>\$ 337,876</u>	

(1) Budgeted from Fund Balance.

The Notes to the Financial Statements are an integral part of this statement.